

CITY OF BELLEVUE  
CITY COUNCIL

Summary Minutes of Extended Study Session

March 22, 2004  
6:00 p.m.

Council Conference Room  
Bellevue, Washington

PRESENT: Mayor Marshall, Deputy Mayor Noble, and Councilmembers Balducci, Chelminiak, Davidson, Degginger, and Lee

ABSENT: None.

1. Executive Session

Deputy Mayor Noble opened the meeting at 6:00 p.m. and announced recess to Executive Session for approximately one hour and 45 minutes to discuss three items of pending litigation, one item of potential litigation, and one item of labor negotiations.

The Study Session resumed at 7:35 p.m. with Mayor Marshall presiding.

2. Oral Communications

Bill Rahr said the Lakewood Site to be purchased by the City from the Bellevue School District is valued by citizens. He noted that three acres of the property are classified as wetlands. As a separate item, Mr. Rahr said he served on the Critical Areas Citizen Advisory Committee (CAC) for two years. He encouraged the City to address shoreline management policies prior to the State's deadline of 2009 for updating its own policies. He suggested reconvening the CAC to assist in the public outreach process associated with this policy area.

3. Study Session

(a) City Manager's Report

Planning and Community Development Director Matt Terry described the release of a document to the Seattle Times in response to a public disclosure request for information. The document summarizes staff's conclusions about a proposal made by Schnitzer Northwest last fall regarding the City's potential participation in a hotel project. The document states the City's lack of interest in pursuing the proposal, which was communicated to Schnitzer Northwest at that time.

City Manager Steve Sarkozy said the City is frequently asked to participate in partnerships with private entities. However, a review of the Schnitzer proposal was found to be inappropriate for the City's involvement.

- (b) Motion to award Bid No. 0411 to construct the Lewis Creek Park project to A-1 Landscaping and Construction, Inc. as the lowest responsible bidder in the amount of \$4,207,504.87.

Parks and Community Services Director Patrick Foran introduced Glenn Kost, Parks Planning Development Manager. Staff requests Council action to award Bid No. 0411 to construct the Lewis Creek Park project, a 40-acre community park with sports fields and access to trails.

Councilmember Lee questioned the use of smaller contracting firms on the project. Mr. Foran explained that the responsible bidder is a large general contractor who will use numerous subcontractors on the project. The project was publicly bid and open to all contractors. Mr. Kost said the use of subcontractors is governed by state law.

Mr. Lee expressed an interest in policies that would encourage the involvement of small contracting businesses in City projects.

Responding to Mr. Chelminiak, Mr. Kost said three firms submitted bids on the project. He explained that cost estimates and the engineer's estimate were in line with the low bidder on this project.

Mr. Degginger encouraged ongoing communication with the neighborhood as the project is constructed and coordination with residents to plan the park's exterior lighting.

➡ Mr. Degginger moved to award Bid No. 0411, and Mr. Noble seconded the motion.

➡ The motion to award Bid No. 0411 carried by a vote of 7-0.

- (c) Resolution No. 6973 authorizing the execution of all documents necessary for the purchase of property from the Bellevue School District (BSD), a Washington Municipal Corporation, which is commonly referred to as the "Lakewood Site" located within the 2500 block of 158<sup>th</sup> Avenue NE (King County Parcel No. 1124-05-9060) for the purchase price of \$2,800,000 plus contract terms and estimated closing costs of \$3,000.

Mr. Foran recalled the City's previous purchase of Boeing property in the Eastgate area. The Lakewood Site is adjacent to this property and will allow the development of a 27-acre community park near I-90.

➡ Deputy Mayor Noble moved to approve Resolution No. 6973, and Ms. Balducci seconded the motion.

Dr. Davidson commended staff on the purchase negotiations. Mr. Chelminiak feels the acquisition will help with managing water quality in the area.

➡ The motion to approve Resolution No. 6973 carried by a vote of 7-0.

(d) Critical Areas Update

Mr. Terry opened discussion of the critical areas update. He noted a change in scope of the update due to the Growth Management Hearing Board's decision and subsequent rules by the Department of Ecology that require shorelines to be treated as critical areas. Bellevue must review and update its local shorelines policies and regulations consistent with these rules by 2009.

Kate Berens, Legal Planner, explained that shorelines must be regulated as critical areas under the Growth Management Act according to its best available science rule. The City's shoreline policies must comply with the GMA and the Shorelines Management Act (SMA) update. Regulations likely to be reviewed within this update process include setbacks from the ordinary high water mark, rules governing bulkheads, standards relating to the construction and repair of docks and boatlifts, and uses within the setback area. A mailing will be sent to property owners affected by the regulations and an open house will be held to discuss the issues. The Planning Commission will hold public hearings and review and develop recommended policies and regulations for Council consideration in November or December.

Responding to Mr. Lee, Mr. Terry said staff will meet with the Critical Areas CAC to discuss the change in scope and required update. Staff's recommended approach is to engage property owners directly. Mr. Terry said it will be challenging to complete the necessary technical work to meet the December deadline.

Mr. Degginger suggested convening panels of experts to assist with the development of policies and regulations. Mr. Chelminiak further suggested that former CAC members could be invited to participate in panel discussions as well.

Following additional brief questions, Mayor Marshall indicated Council consensus to proceed with the update.

Noting an interruption in the agenda, Mayor Marshall welcomed Bellevue School Board members Peter Bentley and Paul Mills to the meeting. They thanked Council for the City's purchase of the Lakewood Site and feel the park will be an important legacy for the community.

(e) Transportation CIP (Capital Investment Program) Quarterly Update

David Berg, Transportation Assistant Director, provided the Transportation CIP quarterly update for the period ending December 31, 2003. The 2003 Transportation CIP Plan budget provided \$41 million, and \$30 million was expended. Of the \$10 million balance, \$3 million were committed to active construction projects not yet completed. Significant under-expenditures

during 2003 included a \$1.2 million cost savings for the Access Downtown project, the delay of \$1.3 million in expenditures for the Cougar Mountain Way project, the receipt of grant funding for 148<sup>th</sup> Avenue SE roadway improvements, and \$1.7 million in savings on various projects.

Fourth quarter 2003 highlights included the receipt from the Transportation Improvement Board of a \$1.4 million grant for 148<sup>th</sup> Avenue SE roadway improvements and \$150,000 for the 164<sup>th</sup> Avenue NE sidewalk project.

Mr. Berg reviewed consultant costs as a percentage of construction contracts for key projects. He reminded Council that the NE 29<sup>th</sup> Place Connection project contract was terminated and is currently being repackaged for bidding in November. Electrical work required for a traffic signal associated with the 150<sup>th</sup> Avenue SE/SE Eastgate Way project contributed to increased costs.

No projects were completed during the fourth quarter of 2003. However, the 150<sup>th</sup> Avenue SE/SE Eastgate Way intersection project was completed during the first quarter of this year. Schedule and budget status information for all projects is provided beginning on page 14 of the quarterly report.

Turning to page 16, Mr. Berg said the NE 29<sup>th</sup> Place Connection project was showing a deficit of \$1 million at the end of December. The new contract awarded this month for remaining work reduces the deficit to \$200,000, most of which is contingency funds pending the resolution of two condemnation proceedings. The new contractor would like to finish the project by the end of the year.

Mr. Berg provided an update on the 150<sup>th</sup> Avenue SE (Newport Way to SE 36<sup>th</sup> Street) project, which has a high risk assessment due to storm water detention issues. Staff continues to negotiate with private property owners for the placement of facilities and with King County regarding the sharing of increased project costs. An open house will be held on March 31 to present six options and solicit input regarding the 119<sup>th</sup> Avenue SE (SE 60<sup>th</sup> Street to Lake Heights Street) project.

Mr. Berg said the 156<sup>th</sup> Avenue SE (Lake Hills Boulevard to SE 24<sup>th</sup> Street) project must comply with a requirement for a U.S. Army Corps of Engineers permit for a portion of the trail through existing wetlands, which may delay the construction start. He explained that the three primary reasons for project delays are contractor delays, franchise utilities/underground conflicts, and general material quantity increases. The 156<sup>th</sup> Avenue SE project has experienced delays in all three categories including underground conflicts due to inaccuracies in the water line as-built drawings, quantity increases in terms of labor needs, and additional required earthwork material. Quantity overruns total approximately \$100,000, and the contractor has identified an additional potential exposure of \$100,000 related to renegotiated quantities, the traffic control device, surveying, and mobilization. Staff will continue negotiations and anticipates requesting Council action on a change order on April 5.

Mr. Degginger requested a full year analysis of design phase/engineering cost variances. Staff will provide the requested information.

(f) New City Building

City Manager Steve Sarkozy opened discussion about operational issues related to the New City Building.

Jocelyn Mathiasen, Assistant to the City Manager, noted that moving to the New City Building provides an opportunity to implement improvements and streamline processes. One goal is to make City business easier and more accessible for citizens. Citizens should be able to complete their business with the City quickly and efficiently, preferably on the first floor of the new building. The building should be an asset and resource for citizens, and community uses should be maximized. Citizens' experience in the building should make them feel good about their government and this investment. City staff acknowledge the need to manage parking and other resources to assure ease of use for customers and visitors and function as a good neighbor to businesses in the vicinity.

Ms. Mathiasen reviewed the key operational issues summarized on pages 3-21 and 3-22 of the Council packet:

1. Service First – Providing one-stop service for citizens on the main floor.
2. New City Building as a community resource (e.g., public meeting rooms).
3. Parking policies for the building.
4. Food Service – What level of service should be provided and who should be the provider?
5. Operational changes including security, receiving, conference room management, supply purchasing and distribution, and audio-visual equipment.

Responding to Mr. Degginger, Mr. Terry said Council will be consulted on the operational issues as they are addressed. Staff is currently focusing on management issues with design implications for the building's redevelopment.

Mr. Terry moved to discuss the proposed decision-making process for the new building and management of the project contingency budget. A project scope presentation is scheduled for the March 29 Council meeting. A reconciled project scope and budget will be presented to Council on May 3. Council will be asked to approve the maximum allowable construction cost (MACC) in late May/early June.

Responding to Councilmember Degginger, Mr. Terry said staff will provide scope and budget options along with the recommended alternative on May 3.

Mr. Terry reviewed the proposed approach for each of the project contingency accounts, which is summarized on page 3-26 of the Council packet. Staff proposes that the PCD Director or City Manager be authorized to approve the use of project contingency accounts up to \$100,000 for any single item. Any single item requiring the use of contingency funds in excess of \$100,000 would require approval by Council. In instances in which change order approval is needed and Council is not in session (i.e., December holiday recess and August Break), the City Manager

would be authorized to approve the change, even if the dollar value of the change exceeds \$100,000.

- Deputy Mayor Noble moved to approve the proposed decision-making process and the proposal for the management of contingency funds. Mr. Degginger seconded the motion.
- The motion to approve the proposed decision-making process and the proposal for the management of contingency funds carried by a vote of 7-0.

(g) Budget – Overview of CIP Plan

Finance Director Jan Hawn briefly reviewed the history of the Capital Investment Program, noting that the first CIP Plan was developed for 1983-1987. The plan format was extended to seven years for the 1991-1997 plan and is updated every two years. The 2003-2009 CIP Plan totals \$233 million for 106 projects and programs utilizing 25 different revenue sources. Major budgeted program areas for the past three CIP Plans are Transportation (61 percent), Parks (20 percent), General Government (6 percent), Neighborhood Enhancement Program (4 percent), Community Development, Public Safety, Neighborhood Investment Strategy, and Economic Development. Ms. Hawn reviewed the following four key policies of the CIP Plan:

1. For non-Utility projects, maintenance and operating costs identified in the project description, as approved by Council, shall have a funding plan. Preferably, operating budget tax sources will not be provided for this purpose.
2. Preserve existing capital infrastructure before building new facilities.
3. Balanced CIP Plan – For the entire seven-year plan, revenues will be equal to project expenditures. It is anticipated the plan will have more expenditures than revenues in single years, but the imbalance will be corrected through the use of interim financing, if needed.
4. CIP plan policies limit debt to short-term obligations, primarily for cash flow purposes. Debt incurred will be paid back before the end of the current CIP Plan.

Ms. Hawn responded to brief questions of clarification. Mayor Marshall thanked her for the presentation.

(h) Regional Issues

Bernard Van de Kamp, Regional Projects Manager, opened discussion regarding the Eastside Concurrency Study. Mark Hallenbeck, Director of Washington State Transportation Research Center (TRAC) at the University of Washington, provided a briefing on the final report. He defined concurrency as the measurement process used to regulate the interrelationship between development and transportation facilities and services. State law allows each jurisdiction to define its own concurrency system. Mr. Hallenbeck described the need, however, for local jurisdictions to work together for the regional coordination of concurrency. The Eastside Concurrency Study was funded by the state, managed by the City of Bellevue, and focused on Bellevue, Redmond, Kirkland, and Issaquah.

Mr. Hallenbeck explained that concurrency is typically defined by local jurisdictions in terms of roadway congestion. Each of the cities in the study measures concurrency in terms of vehicular use and vehicle capacity as opposed to mobility and/or person throughput. The four cities allow different levels of congestion within different geographic subareas. All include some measure of current road performance, an estimate of the trips generated by new development, and the combination of these two factors into a prediction of roadway performance. Each jurisdiction uses concurrency to manage its development and transportation infrastructure expansion.

Mr. Hallenbeck said all four cities in the study have implemented concurrency in terms of measuring roadway congestion, while other transportation services are nearly irrelevant. He noted that state law allows jurisdictions to change their concurrency systems. Selecting new performance measures requires that cities understand what they want their transportation system and land uses to look like. Mr. Hallenbeck said a new approach must view concurrency as multi-modal if a city desires multi-modal solutions. Concurrency standards can encourage growth in specific areas served by transit, for example, and discourage growth in areas not easily served.

Mr. Hallenbeck encouraged cities to work on solutions now as concurrency will become a limiting factor as the economy improves. Concurrency can be improved locally by simplifying the existing Bellevue process and enhancing the current measure to directly account for mobility provided by transportation modes in addition to automobiles. Concurrency can be improved regionally by the cooperative establishment of an incentive/disincentive system to encourage region-friendly development.

➡ At 9:56 p.m., Deputy Mayor Noble moved to extend the meeting to 10:30 p.m. Mayor Marshall seconded the motion.

➡ The motion to extend the meeting to 10:30 p.m. carried by a vote of 7-0.

Transportation Director Goran Sparrman explained that the purpose of tonight's briefing is to: 1) discuss the role of I-90 high-capacity transit and I-405 bus rapid transit in the city's economic future, and 2) begin to define principles for high-capacity transit planning and implementation to be considered in a future Council interest statement.

Kevin O'Neill, Strategic Planning Manager (PCD), said transportation access has always been critical to the ability of cities to grow. From an economic development perspective, regional transportation investments should meet the following objectives:

1. Maximize convenience for workers to get to Bellevue's employment centers.
2. Maximize business-to-business connections that reinforce the strength of existing employment sectors.
3. Reinforce downtown's prominence as the city's regional urban center.
4. Create opportunities for new types of land use and development patterns important to Bellevue's future.
5. Be feasible, affordable, and able to be implemented in a reasonable time frame.

Bellevue's regional employment centers are downtown, 116<sup>th</sup> Avenue/Bellefield, Factoria/Eastgate, and SR 520/Bel-Red area. The highest employment densities in the region are in Seattle (180 jobs/acre) and Bellevue (75 jobs/acre).

Mr. O'Neill discussed an analysis of Bellevue's economic trends and regional linkages conducted last year by economist Paul Sommers. The study found similar economic clusters in Bellevue and Seattle with strong mutual business linkages between the two downtowns and between Seattle businesses and Eastside high-tech firms. Future growth is likely to strengthen these ties.

Mr. Van de Kamp described the transportation implications of the region's economic centers. Traffic volumes to and from Bellevue are heavy in any direction. However, east-west volumes are greater than north-south travel. A demand of 700,000 trips per day between Bellevue and Seattle is projected for 2020, which is nearly double the current traffic volumes. Mr. Van de Kamp summarized that the needs of Bellevue's Regional Transportation Vision exceed available funding and therefore projects should be prioritized based on the best economic case.

Mr. Van de Kamp described a conceptual high-capacity transit system for I-90, which would operate on an exclusive guideway (elevated or subway) to connect Seattle, Bellevue, and the Overlake area. Potential future extensions include downtown Redmond, downtown Kirkland, and the Totem Lake area. Usage is estimated at 50,000 riders per day and the cost is estimated at \$1.6 billion for the Seattle-Bellevue-Overlake route. The cost of extending service to Redmond and Kirkland is estimated at an additional \$1 billion.

Mr. Van de Kamp described a conceptual bus rapid transit system for I-405 emphasizing north-south express bus service and east-west links. The cost is estimated at \$1.3 billion.

Mr. O'Neill reviewed how the HCT and BRT systems would help meet Bellevue's regional transportation and economic development objectives. The I-90 HCT system adds east-west capacity on a dedicated guideway, reinforces downtown Bellevue as the central hub of the Eastside's regional transit corridor, and maximizes business-to-business connections most important to Bellevue's economy.

Mr. Sparrman said next steps include drafting an HCT interest statement for Council consideration and adoption, Council approval of the I-90 Memorandum of Agreement (MOA) in April, and the initiation of Sound Transit Phase 2 planning in May. The Puget Sound Regional Council (PSRC) will release its Phase 2 report in June.

☞ At 10:28 p.m., Deputy Mayor Noble moved to extend the meeting to 11:00 p.m. Mayor Marshall seconded the motion.

☞ The motion to extend the meeting to 11:00 p.m. carried by a vote of 7-0.

Moving to the Vision 2020 update and public scoping process, Councilmember Degginger suggested an emphasis on water supply planning should be added to the Vision 2020 plan.



Diane Carlson, Director of Intergovernmental Relations, said there will be additional opportunities for Council to comment on a number of policy issues including water as the update process moves forward.

Responding to Mayor Marshall, there was Council consensus to send the letter commenting on the Vision 2020 scope of work included on page 16 of the Regional Issues packet.

Ms. Carlson noted ongoing discussions regarding changes affecting King County's regional solid waste management program in the following three areas: 1) solid waste interlocal agreement, 2) waste export plan, and 3) the future of transfer stations. She requested Council direction regarding the principles for negotiation of the interlocal agreement highlighted on pages 19 and 50 of the Regional Issues packet. The deadline for completion of the waste export plan has been extended from December 2004 to June 2005, due in part to comments by Bellevue and other cities. Ms. Carlson reviewed concerns with a proposal to reduce hours at the Factoria transfer station and the potential impact on the Factoria station of the recent closing or reduction in hours of the Houghton transfer station. Bellevue staff will work with the City of Kirkland and other cities on the transfer station issues.

Dr. Davidson questioned whether the interlocal agreement includes provisions to allow cities to explore competitive, cost-effective methods for managing solid waste. He advocates enhancing control over the City's waste stream.

Mr. Lee feels more attention should be spent on this important topic. Mayor Marshall suggested staff utilize Councilmembers more fully to help push the Council's agenda in this policy area.

Mr. Chelminiak said he made multiple visits to a transfer station over the weekend and service was slow and frustrating for both workers and citizens.

Mayor Marshall would like to see Bellevue become a leader in managing its own solid waste and possibly partnering with other jurisdictions.

Mr. Lee suggested convening a citizens advisory committee, including garbage hauler representatives, to explore policies and alternatives.

Responding to Mr. Degginger, Ms. Carlson said the only dispute resolution mechanism is through the forum. Deputy Mayor Noble suggested negotiating for an arbitration provision and for future control over the City's waste stream in the interlocal agreement.

- ➡ Deputy Mayor Noble moved to approve the draft Principles of Negotiation for the Solid Waste Interlocal Agreement, as modified by Council's comments on arbitration and local control. Mayor Marshall seconded the motion.
- ➡ The motion to approve the draft Principles of Negotiation for the Solid Waste Interlocal Agreement, as modified by Council's comments, carried by a vote of 7-0.

March 22, 2004 Extended Study Session

At 10:52 p.m., Mayor Marshall declared the meeting adjourned.

Myrna L. Basich  
City Clerk

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